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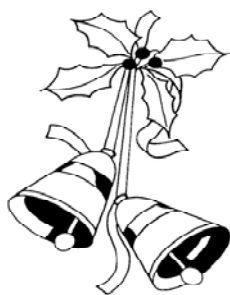
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HAPPY HOLIDAYS
from the staff of
USDA, NASS, Kentucky Field Office

FISCAL YEAR 2008 EXPORTS REVISED UPWARD TO RECORD \$91 BILLION

Fiscal 2008 agricultural exports are forecast at a record \$91 billion, up \$7.5 billion from August and \$9.1 billion above 2007. This outlook is largely supported by continued strong demand, tight markets and sharply higher prices for grains and oilseeds, and a weaker dollar. While high-value product exports are rising, bulk commodities account for three-quarters of the year-to-year increase in agricultural export value, with about one-quarter of that increase from volume gains.

Revisions for wheat, coarse grains, soybeans, and a broad set of animal products drive most of the export increase since August. The outlook for wheat improves on higher volume and unit value with strong global demand and less competition. Coarse grain exports benefit from ample domestic supply and increased global demand for feed grains. Strong demand from China and the EU and tighter supplies boost unit values for oilseeds and products. Dairy products reach a new record, higher prices boost broiler and beef export value, and pork volume rises.

Fiscal 2008 agricultural imports are forecast at a record \$75.5 billion, up \$500 million from August and \$5.5 billion above 2007. Import volume growth slows slightly in 2008, with a weaker dollar, but higher prices keep value growing near the pace seen in the past 5 years. Cattle and vegetable oils account for the largest increases since August.

U.S. Agricultural Trade, Fiscal Years, 2003 - 2008 - Year ending September 30

Item	2003	2004	2005	2006	2007	Fiscal 2008	
						Aug.	Nov.
Billion dollars							
Exports	56.0	62.4	62.5	68.6	81.9	83.5	91.0
Imports	45.7	52.7	57.7	64.0	70.0	75.0	75.5
Balance	10.3	9.7	4.8	4.6	11.9	8.5	15.5

This outlook reflects commodity forecasts in the Nov. 9, 2007, World Agricultural Supply and Demand Estimates report.

COUNTY RANKINGS: KENTUCKY'S LEADING AGRICULTURAL COUNTIES

Item	1	2	3	4	5	6	7	8	9	10
2006 Farm Cash Receipts:										
Total	Woodford	Fayette	Graves	Bourbon	Christian	Webster	Hickman	McLean	Daviess	Logan
Crops	Christian	Daviess	Logan	Graves	Henderson	Union	Todd	Calloway	McLean	Simpson
Livestock	Woodford	Fayette	Bourbon	Graves	Webster	Jessamine	Hickman	Muhlenberg	McLean	Ohio
2006 Crop Production:										
Corn for Grain	Christian	Union	Henderson	Daviess	Graves	Logan	Todd	Hickman	McLean	Simpson
Soybeans	Henderson	Daviess	Union	Christian	Graves	McLean	Fulton	Logan	Hickman	Todd
Winter Wheat	Christian	Logan	Todd	Simpson	Warren	Trigg	Union	Graves	Hickman	Caldwell
Burley Tobacco	Barren	Daviess	Bourbon	Shelby	Christian	Fleming	Mason	Breckinridge	Harrison	Henry
Dark Fire Tobacco	Calloway	Graves	Christian	Trigg	Todd	Caldwell	Logan	Muhlenberg	Carlisle	Marshall
Dark Air Tobacco	Logan	Graves	Todd	Daviess	Simpson	McLean	Webster	Henderson	Calloway	Christian
Alfalfa Hay <u>1/</u>	Fleming	Mason	Barren	Hart	Lincoln	Shelby	Hardin	Bourbon	Mercer	Henry
Other Hay <u>2/</u>	Pulaski	Barren	Madison	Warren	Breckinridge	Adair	Grayson	Shelby	Casey	Marion
Sorghum	Henderson	Hopkins	Carlisle	McCracken	Webster	Union	Daviess	McLean	Crittenden	Fulton
Barley	Simpson	Logan	Todd	Warren	Christian	-	-	-	-	-
Livestock & Dairy										
Cattle & Calves, Jan. 1, 2007	Barren	Warren	Pulaski	Madison	Allen	Monroe	Bourbon	Lincoln	Adair	Hart
Beef Cows, Jan. 1, 2007 <u>3/</u>	Barren	Warren	Pulaski	Breckinridge	Madison	Bourbon	Monroe	Hart	Allen	Lincoln
Milk Cows, Jan. 1, 2007 <u>4/</u>	Barren	Adair	Metcalfe	Marion	Fleming	Warren	Lincoln	Logan	Hart	Monroe
Milk Prod., 2006 <u>5/</u>	Barren	Adair	Logan	Christian	Marion	Warren	Lincoln	Metcalfe	Todd	Fleming
2002 Farms	Barren	Pulaski	Warren	Hardin	Graves	Grayson	Shelby	Breckinridge	Nelson	Madison
2002 Cropland	Christian	Graves	Daviess	Logan	Union	Warren	Barren	Henderson	Hardin	Breckinridge

1/Hart and Lincoln tied for 4th. 2/Madison and Warren tied for 3rd. 3/Breckinridge and Madison tied for 4th. 4/Fleming and Warren tied for 5th. Hart, Monroe and Nelson tied for 9th. 5/Fleming and Todd tied for 9th.

LIVESTOCK SITUATION AND OUTLOOK

Cattle

The cattle and beef sectors are responding to downward pressures, partly seasonal, but also in response to more abundant, lower priced competing meats. These price declines, along with high feed prices and the growing prospect of reduced winter wheat pasture, are also affecting feeder cattle prices. Any price changes will be influenced by changes in U.S. beef trade status. Although still almost \$5 per cwt above their June 2007 lows, fed cattle prices appear to be slipping from their favorable position relative to wholesale beef cutout values. Other signs of potential downward price pressure are the rapid rise in the percentage of cattle grading Choice or better, record dressed weights, the slightly more rapid decline in the price of 50-percent lean trim vs. fresh 90-percent lean trim, and the relatively large number (the largest for October since 1996) of cattle that have been in feedlots for more than 120 days. Wholesale beef prices have declined significantly since their April 2007 highs, twice as much as fed cattle prices have declined over the same period, implying heavy declines in packer revenues. Retail beef prices also appear to be responding to downward pressure from more abundant supplies and lower prices for competing meats.

Dairy

Milk production continues its above-average rise into 2008. Production and stocks of butter and nonfat dry milk have risen in response to higher prices, although stocks have been building. Exports remain strong in the face of tight global supplies and a weak dollar and are expected to limit price declines for the balance of 2007 and into 2008. The forecast decline in dairy product prices will translate into lower milk prices in 2008. Although higher than in recent years, prices should begin to decline from 2007 highs. The Class IV price is projected to average in the \$18.45 to \$18.65 per cwt range in 2007 and to decline to average in the range of \$17.35 to \$18.35 in 2008. Likewise, the Class III price is expected to average from \$17.80 to \$17.90 per cwt this year and to soften to from \$15.75 to \$16.65 per cwt next year. The all milk price will average from \$18.95 to \$19.05 per cwt in 2007, with a decline to between \$17.70 and \$18.60 per cwt expected in 2008.

Hogs

For 2007, total U.S. pork production is expected to be 21.8 billion pounds, 3.3 percent above a year ago. Next year, higher feed prices will likely limit year-over year increases in average dressed weights. Average dressed weights both this year and next are expected to be about 201 pounds. Total pork production in 2008 is expected to be 22.3 billion pounds, 2.3 percent higher than this year. Fourth-quarter prices for 51-52 percent lean live equivalent hogs are expected to range between \$38 and \$40 per cwt, almost 16 percent below the fourth quarter of last year. First-quarter 2008 prices will likely range between \$40 and \$42 per cwt compared with \$46.04 per cwt a year earlier. U.S. hog prices through first-quarter 2008 are thus expected to fall well below current break-even prices in the high \$40s per cwt, calculated for representative farrow-to-finish operations in Iowa.

Poultry

Turkey production rose 4.9 percent in third-quarter 2007 and whole-bird stocks rose. The higher stock levels held down seasonal price increases for wholesale whole birds, but prices for whole hens in the Eastern market in fourth-quarter 2007 are expected to average slightly higher than the previous year. Broiler production in fourth-quarter 2007 is forecast at 9.125 billion pounds, 3.7 percent higher than in the previous year. Higher broiler and pork production, combined with no increase in broiler exports, is expected to place downward pressure on broiler prices in fourth-quarter 2007. The broiler meat production estimate for 2008 was increased by 325 million pounds due to continued increases in chick placements and higher slaughter weights.

Sheep & Lambs

In third-quarter 2007, commercial production of lamb and mutton totaled 42 million pounds, equaling the third quarter of 2006. However, fourth quarter 2007 commercial production is expected to be about 2 percent above the same period last year. This expectation is largely due to the typical fourth-quarter production increase to accommodate the seasonal demand, along with a forecast decline in fourth-quarter imports brought on by the devalued U.S. currency.

U.S. DAIRY PRODUCTS, OCTOBER 2007

PRODUCT	October 2006	September 2007 <u>1/</u>	October 2007	Percent of	
				Oct. 2006	Sept. 2007
BUTTER	119,133	111,774	129,958	109	116
(000) Pounds					
CHEESE				Percent	
American Types <u>2/</u>	320,925	301,004	324,915	101	108
Mozzarella	266,315	263,728	273,692	103	104
All Other Types <u>3/</u>	225,036	210,869	226,723	101	108
Total	812,276	775,601	825,330	102	106
(000) Gallons					
FROZEN PRODUCTS				Percent	
Ice Cream (Hard)	66,486	69,189	69,389	104	100
Frozen Yogurt (Total)	5,296	4,333	4,094	77	94
MIX FOR FROZEN PRODUCTS					
Ice Cream Mix	36,607	38,573	37,397	102	97
Yogurt Mix	3,096	2,626	2,481	80	94

1/ Revised. 2/ Includes Cheddar, Colby, Monterey, and Jack. 3/ Includes Swiss, cream and all other types. Excludes cottage cheese.

Internet Access: Data including this report are available free of charge on our Internet homepage located at <http://www.nass.usda.gov/ky>. Links to the Kentucky Department of Agriculture, the University of Kentucky Agricultural Weather Center and other web sites related to Kentucky Agriculture are also included. National & State reports and data are available on the USDA, National Agricultural Statistics Service homepage located at <http://www.usda.gov/nass/>